

Illinois Department of Insurance

67th Annual Report to the Governor



Summary of Annual Statements

George H. Ryan, Governor
Nathaniel S. Shapo, Director

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
320 WEST WASHINGTON STREET
SPRINGFIELD, ILLINOIS 62767-0001

GEORGE H. RYAN
GOVERNOR

NATHANIEL S. SHAPO
DIRECTOR

Honorable George H. Ryan
Governor
State of Illinois
Springfield, Illinois

Dear Governor Ryan:

I am pleased to submit this Annual Report summarizing the activities and fiscal operations of the Department of Insurance in 2001.

The tragic events of September 11th touched every aspect of American life, and the insurance industry was no exception. There was a terrible human toll: hundreds of employees of insurance companies and producers were killed in the World Trade Center, including 175 from Chicago-based Aon. And financially, the insured losses were the most devastating in U.S. history, not only because of the unprecedented dollar amount, but because they reached to all segments of the business. Illinois joined insurance regulators across the country in formulating a swift response to assess the financial impact on individual insurance companies and to protect the interests of insurance policyholders.

We had a busy year outside of September 11, as well. In our continuing efforts to advocate for consumers, we installed a toll-free Consumer Assistance Hotline to expedite incoming calls from Illinois residents who have insurance questions or problems, and made important strides in enhancing our complaint handling procedures. Increased public concern over the use of credit information by insurers prompted a Department survey of auto and homeowners companies operating in Illinois and development of educational materials to help consumers better understand the relationship between credit scoring and insurance.

Important consumer protection legislative initiatives enacted during the year include: PA 92-0233 which enhances the state's efforts to stem organized insurance fraud through a whistleblower provision and expanded fraud reporting requirements; PA 92-0331 which creates the Uninsured Ombudsman Program to provide assistance and education to uninsured individuals; PA 92-0399 which prohibits discrimination on the basis of race, religion, color, or national origin in the conduct of life and health insurance business; and PA 92-0480 which prohibits auto and homeowners insurance companies from refusing to issue a new policy or from nonrenewing an existing policy solely due to a credit report.

Financial regulatory initiatives include: PA 92-0075 which provides standards for the release of insurance company security deposits for companies that are voluntarily dissolving or ceasing to engage in the insurance business; PA 92-0124 which creates special purpose reinsurance vehicles to facilitate the securitization of insurance risk under Department oversight; and PA 92-0140 which strengthens Illinois' corporate governance of insurance companies and health maintenance organizations.

The Department's regulatory initiatives and a summary of the 2001 financial statements of all licensed insurance companies are outlined in the report that follows.

Respectfully submitted,

Nathaniel S. Shapo
Director

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Directors of Insurance

Nathaniel S. Shapo	1999–present	Laddie T. Pelnar (Acting)	1954
Arnold Dutcher (Acting)	1998–1999	Robert E. Barrett	1953–1954
Mark Boozell	1995–1998	J. Edward Day	1950–1953
James W. Schacht (Acting)	1994–1995	Harry B. Hershey	1949–1950
Stephen F. Selcke	1991–1994	N. P. Parkinson	1944–1949
James W. Schacht (Acting)	1991	Paul F. Jones	1941–1944
Zack Stamp	1989–1991	S. Hayden Davis	1940–1941
John E. Washburn	1983–1989	Ernest Palmer	1933–1940
James W. Schacht (Acting)	1982–1983	Harry Hanson	1930–1933
Philip R. O'Connor	1979–1982	George Huskinson	1927–1930
Richard L. Mathias	1977–1979	Alex Johnson	1923–1927
Michael P. Duncan	1976–1977	Thomas J. Houston	1921–1923
Dennis W. Toivonen (Acting)	1976	Fred W. Potter	1917–1921
Robert B. Wilcox	1974–1976	Rufus Potts	1913–1917
Fred A. Mauck	1973–1974	Fred W. Potter	1907–1913
James Baylor	1969–1973	William R. Vredenburgh	1903–1907
John E. Bolton, Jr.	1965–1969	Henry Yates	1901–1903
Richard G. Hershey	1963–1965	James R. Van Cleave	1897–1901
Joseph S. Gerber	1957–1963	Bradford Durfee	1893–1897
Justin T. McCarthy	1954–1957		



Madelynn Brown
Assistant Director



Nathaniel S. Shapo
Director



Arnold Dutcher
Chief Deputy Director

Mission and Functions

The mission of the Illinois Department of Insurance is:

To protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace.

The Department carries out its mission through effective administration and enforcement of the Illinois Insurance Code (215 ILCS 5/1 to 5/1312), the Illinois Pension Code (40 ILCS 5/1-101 to 5/24-109) and related laws and regulations (Title 50, Illinois Administrative Code.)

The Department has four major operating Divisions: Administrative Services, Consumer-Market, Financial-Corporate Regulatory, and Legal. The Department also sponsors the Senior Health Insurance Program and oversees the operations of the Office of the Special Deputy, which handles the affairs of insurance companies placed in rehabilitation, conservation or liquidation.

Department Organization

